

UNOFFICIAL TRANSLATION  
PREPARED BY HUSSEINI AND DAJANI

Final Draft

**Securities Law No. \_\_\_\_\_ of 2000**

**Palestine**

President of the Executive Committee of the PLO  
President of the Palestinian National Authority

Upon the recommendation of the Minister of Finance  
Based on the proposed law submitted by the Council of Ministers  
Pursuant to the approval of the Palestinian Legislative Council  
We issued this Law:

**PART ONE**

**INTRODUCTORY PROVISIONS**

Article (1)

**(a) Short title:** This Law shall be cited as the Securities Law.

**(b) Scope of Law:** The provisions of this Law shall govern the activities of securities markets, participants in such markets including Securities Companies, Investment Advisors, Management Officers, Financial Advisers, Other Securities Professionals, the Securities Exchange, the Clearing, Deposit and Settlement Center, Collective Investment Schemes, Fund Managers, Fund Custodians, Issuers, Offerors and Major Holders, and the offering and sale of Securities to investors.

Article (2)

**General Definitions**

The following words and phrases shall have the meanings herein specified:

**“Authority”** means the Palestine National Authority.

**“Minister”** means the Minister of Finance.

**“Ministry”** means the Ministry of Finance.

**“Issuer”** means an enterprise, corporation, joint-stock company, partnership or other business association that incurs an obligation under a Security.

**“Securities Exchange”** means the Palestine Securities Exchange.

**“Center”** means the Clearing, Deposit and Settlement Center.

**“CMA”** means the Capital Market Authority.

**“Chairman”** means the Chairman of the CMA.

**“Public Enterprises”** means corporations and other legal persons in which the Government holds a majority interest or over which the Government exercises effective control.

**“Member”** means an issuer or a brokerage firm whose is a member of the Securities Exchange.

**“Regulations”** means codes, rules, guidelines and instructions issued from time to time by the CMA in order to carry out or give effect to the provisions and principles of this Law.

**“Person”** means the natural or corporate person.

**“Relative”** in relation to any natural person means:

- (a) any parent or spouse or child or brother or sister of that person; or
- (b) any parent or child or brother or sister of a spouse of that person; or
- (c) a nominee for any of such persons.

**“Security”** means for purposes of this Law “Securities” shall include:

- (a) shares and bonds;
- (b) any interest in a Collective Investment Scheme, whether such interest is represented by a share, a participation unit, or other claim, and whether such interest is transferable to third parties or only redeemable at the option of the Collective Investment Scheme (or its Fund Manager) or the investor;
- (c) any option or other interest in another Security, or a warrant or entitlement to acquire another Security;
- (d) any interest convertible into or whose value is determined in relation to, or derived from, a Security or Securities;

(e) any other financial claim locally or internationally recognized as a security;  
and

(f) any other transferable entitlement, interest or claim which may be specified by Regulations issued by the CMA.

Securities shall not include bank deposits, commercial bills such as cheques and notes, documentary credits, money or payment transfers, instruments exclusively traded among banks, insurance policies or rights in pension funds which are funded from sources not including beneficiary contributions.

## **PART TWO**

### **ESTABLISHMENT OF THE PALESTINE SECURITIES EXCHANGE**

#### **Article (3) Establishment**

A “**Securities Exchange**” known as the Palestine Securities Exchange shall be established. No other person or legal entity may establish or operate any means by which, or place where, or facility or communications system through which, Securities are regularly offered for purchase or sale by competing buyers or sellers, or by reference to which transactions in Securities are regularly entered into by or on behalf of competing buyers or sellers.

#### **Article (4)**

The Securities Exchange shall be the only authorized to be authorized as the only Securities Exchange permitted to operate in Palestine and the Clearing, Deposit and Settlement Department of the Palestine Securities Exchange, Ltd. shall be authorized as the only Clearing, Deposit and Settlement Center permitted to operate in Palestine.

#### **Article (5)**

Any Board shall be deemed a main board when established by the Securities Exchange pursuant to rules and regulations.

#### **Article (6)**

#### **Self-Regulation; Supervision and Monitoring of Activities of Securities Companies by the Securities Exchange.**

(a) Without prejudice to any powers conferred on the CMA by this Law and other laws, and subject to this Law and Regulations, the Securities Exchange shall have full power and authority to, and shall, regulate, supervise and monitor the activities of its member Securities Companies, and the activities of Issuers with respect to their Securities in order to promote sound dealing in Securities and protect Securities holders, investors and the public from fraud, deceit and unfair practices in Securities transactions.

(b) The Securities Exchange shall have full authority to establish and shall establish, rules of practice and supervision, monitoring and enforcement procedures to assure the proper and efficient regulation, operation, management and control of the Securities Exchange.

(c) The Securities Exchange may establish and impose fees on member Securities Companies and Issuers for the use of its facilities, including, but not limited to listing fees, membership fees and trading charges. .

(d) The Securities Exchange shall have full authority to make and shall have in place, rules and supervision, monitoring and enforcement procedures for each class of member Securities Companies who have privileges to use the Securities Exchange. Such rules and procedures shall be subject to the approval of the CMA and shall cover:

(a) financial conditions of member Securities Companies;

(b) access by the Securities Exchange to the books and records of member Securities Companies;

(c) periodic reporting to the Securities Exchange of activities of member Securities Companies;

(d) a code of conduct.

(e) The charter of the Securities Exchange shall provide that the Securities Exchange has full authority to conduct investigations of member Securities Companies and to impose sanctions for violations of its rules. Sanctions imposed by the Securities Exchange shall remain in force unless and until over-ruled by the CMA.

## **Article (7)**

### **Immunity**

(a) The rules of the Securities Exchange may provide that no action or other proceeding for damages shall be instituted by a member Securities Company, or Issuer of Securities authorized for trading on the Securities Exchange, against the Securities Exchange or any officer, employee, agent or contractor for any act done or omission made in good faith in the performance of a duty or in the exercise of a power under this Law, Regulations, by-laws or rules of the Securities Exchange.

(b) The rules of the Securities Exchange may require that some or all types of disputes between on or more member Securities Companies and the Securities Exchange, or between or among members, be submitted to private arbitration. The rules of the Securities Exchange may also require that contracts between a member Securities Company and a customer include provisions regarding mandatory submission of some or all types of disputes which may arise between the customer and the member Securities Company to private arbitration.

## **Article (8)**

### **Obligation to Trade on the Securities Exchange**

Any transaction in a Security eligible for trading on the Securities Exchange conducted by a member Securities Company, whether as agent or principal, must be conducted through the facilities of the Securities Exchange.

### **Article (9)**

#### **Listing Requirements**

- a. The issuer must submit an application to the Securities Exchange.
- b. The Securities Exchange shall have the right to request and obligate the issuer to disclose any information or make it public in the event of any material changes.

### **Article (10)**

#### **Issuance of Directions by the CMA in the Public Interest**

- a. The CMA may, where it appears to be in the public interest, issue written directions to the Securities Exchange with respect to:
  - (1) trading on the Securities Exchange;
  - (2) any Securities traded on the Securities Exchange;
  - (3) the manner in which it disseminates information to its member Securities Companies or the public;
  - (4) the manner in which it assures compliance with its rules and imposes sanctions; and
  - (5) any other matters which the CMA considers necessary for the effective administration of this Law.
- b. In accordance with procedures and under conditions prescribed by Regulations, the CMA may direct the Securities Exchange by written notice:
  - (1) to suspend a member Securities Company;
  - (2) to expel a member Securities Company, on the basis that its Securities Company license has been or will be revoked; or
  - (3) to suspend trading in one, several or all classes of Securities eligible for trading on the Securities Exchange, or to suspend certain form or forms of trading in any Securities, if it determines that the orderly conduct of such trading is being or is likely to be impaired by reasons of force majeure or economic or financial crisis, including forced bank holidays, or by any other circumstances which, in the sole opinion of the CMA, are likely to impair orderly trading in such Securities or in the form or forms of trading specified, or may affect the stability of the securities market in any other way.

- c. Any notice of suspension of membership or trading issued by the CMA shall state the reasons for the measures adopted as well as the duration of the respective suspension and shall take effect upon its delivery to the Securities Exchange.

### **Article (11)**

#### **Confidentiality**

The Securities Exchange, its directors, officers or employees may not disclose to any person information concerning a member Securities Company's transactions in or holdings of Securities except as permitted by this Law or the rules of the Securities Exchange, unless such information is already publicly available. This restriction shall not apply to information permitted or required to be provided to the CMA or the Clearing, Deposit and Settlement Center under this Law or Regulations or as part of the function of regular price, volume and time of transaction information to the public.

### **Article (12)**

#### **THE CLEARING, DEPOSIT AND SETTLEMENT CENTER**

- a. "Clearing, Deposit and Settlement Center" or "Center" shall mean the Clearing, Deposit and Settlement department of the Securities Exchange. The Center shall engage in the following businesses:
  - (1) acting as registrar for issuers of Securities;
  - (2) serving as a central depository for Securities; and
  - (3) providing clearance and settlement services for the Securities Exchange and its members.
  - (4) providing transfer of ownership for Securities;
  - (5) providing pledge of Securities services;
  - (6) providing services as may be required; and
  - (7) collecting fees for services rendered in accordance with instruction issued by the Securities Exchange.
- b. "Custodian" means a Securities Company authorized to provide such services by the CMA, or a bank that provides Custody Services for customers. A customer of a Custodian with respect to specific Securities may be the beneficial owner of the Securities or may be another Custodian which is providing Custody Services for the beneficial owner, either directly or indirectly through one or more Custodians. For purposes of this definition, the beneficial owner of Securities in a portfolio of a Collective Investment Vehicle is the Vehicle and not investors in the Vehicle.
- c. "Custody Services" means services provided by a Custodian, either directly or through one or more other Custodians, to an investor in Securities to safeguard, and assist the investor to effect his rights with respect to, the Securities. Custody Services include:

- (1) physical custody, if the Custodian receives from the customer Securities in the form of certificates;
- (2) nominee custody, if the Custodian receives from the customer Securities that are evidenced by accounting entries maintained by either another Custodian or the Clearing, Deposit and Settlement Center (“account keeper”), and the customer instructs the account keeper to transfer the Securities into the name of the Custodian; and
- (3) custody of Securities registered in the name of the beneficial owner in accordance with the rules of the Clearing, Deposit and Settlement Center.

### **Article (13)**

#### **Exclusivity**

No person or legal entity besides the Clearing, Deposit and Settlement Center may establish or operate any facility which acts as registrar for Issuers of Securities, serves as a central depository for Securities, or provides clearance and settlement services for the Securities Exchange and its members.

### **Article (14)**

#### **Supervision and Monitoring of Activities of Participants at the Center**

- a. The Clearing, Deposit and Settlement Center shall have full power and authority to make and shall have in place rules and supervision, monitoring and enforcement procedures to assure the proper and efficient regulation, operation, management and control of the Center. Such rules and procedures shall cover:
  - (1) registration, recording of pledge and transfer of ownership of Securities traded on the Securities Exchange and settlement of the prices of such Securities;
  - (2) information, data and records considered confidential and the persons authorized to have access thereto;
  - (3) information, data and records that the Center must disclose to the public and to which the public will be accorded access; and
  - (4) standards of professional conduct applicable to Center participants, management and staff.
- b. The Clearing, Deposit and Settlement Center shall have in place rules and supervision and monitoring procedures for each class of participants who have privileges to use the Center. Such rules and procedures shall cover:
  - (1) access by the Center to the books and records of its participants;
  - (2) periodic reporting to the Center of activities of its participants;

(3) determination of violations of Center rules and imposition of sanctions on participants determined to be in violation thereof, including suspension of such participants; and

(4) such other topics as the CMA shall require by regulation.

- c. The charter of the Clearing, Deposit and Settlement Center shall provide that the Center has full authority to conduct investigations of participants and to impose sanctions for violations of its rules.

### **Article (15)**

#### **Restrictions on Ownership of Securities**

- a. The Clearing, Deposit and Settlement Center may, at the request of an Issuer, monitor compliance with ownership concentration limits and other restrictions on holding of shares established by law or by such Issuer's charter. The Center may enforce compliance with such restrictions by refusing to register transfers of Securities which would result in violations of such restrictions.
- b. The rules of the Center may require that Securities Companies, Custodians and other participants in the Center disclose to the Center the identity of the beneficial owners of Securities maintained in accounts of a nominee. The Center shall maintain such information on the identity of beneficial holders confidential, and in the case of a possible violation of restrictions on holding of shares established by law or by such Issuer's charter, with such Issuer.

### **Article (16)**

#### **Form of Securities; Transfers and Accounts**

- a. Securities eligible for trading on the Securities Exchange must be in registered form, fully paid, and evidenced by entries in the register of Securities of the Issuer maintained by the Clearing, Deposit and Settlement Center.
- b. The Center may, in accordance with its rules, establish trading and registry accounts in the name of an investor, a participant or both.
- c. Participants in the Center must maintain proprietary accounts separate from assets held for customers.

### **Article (17)**

#### **Evidentiary Value of Records of the Center**

Entries in the Center's records and accounts and any documents issued thereby, shall constitute legal ownership of the Securities shown therein and of settlement of the transactions in such Securities among participants on the dates shown in such records, accounts or documents, unless



proven otherwise.

### **Article (18)** **Dematerialized Securities**

The certificates issued by the Center shall be deemed proof of ownership.

### **Article (19)** **Other Securities**

The Clearing, Deposit and Settlement Center may hold Securities whose registry is not maintained by the Center through a foreign depository or centralized depository approved by the CMA.

### **Article (20)** **Status of Property Held on Behalf of others**

- a. Securities or other property held on behalf of another by the Clearing, Deposit and Settlement Center shall not be the property, or be available for payment of debts or other obligations of the Center or the Securities Exchange.
- b. The CMA may, by Regulation or through approval of the rules of the Clearing, Deposit and Settlement Center, require the Center or participants in the Center to maintain a system of guarantees or compensation to ensure that the Center will have adequate assets to cover its obligations to participants.

## **PART THREE**

### **PUBLIC OFFERINGS OF SECURITIES**

#### **Article (21)**

- a. "Offeror" means an Issuer, or the holder or holders of a beneficial interest in ten percent or more of a class of outstanding Securities of any Issuer, [or a person that controls an Issuer within the meaning of the Companies Act,] who offers to sell all or part of its holdings. *This part (a) was erroneously dropped from the drafting into Arabic and replaced by:*

*Part (a) Bonds Offeror {hh to check}*

- a. "Custodian" means the person that represents bondholders pursuant to Article (76), the CMA shall issue regulations for the qualifications of custodians.
- b. "Institutional Placement" means an offer of Securities exclusively to institutional and large sophisticated investors.
- c. "Private Placement" means an offer of Securities directed to no more than 30 persons so long as:

- (1) the offer is not accompanied by any communication through the public media other than an announcement of its completion; and
- (2) the offerees are provided access to substantially the same information concerning the Issuer and the Securities as would be required in a prospectus for a Public Offer.

- d. "Public Offer" means an offer directed to the public in general or to certain sectors or specific groups thereof. The CMA may determine by Regulation whether certain types of offers qualify as Public Offers.
- e. "Underwriter" or "Placement Agent" means a Securities Company assisting an Offeror in the distribution of Securities, by agreeing either to purchase the Securities for resale (Underwriter) or to sell the Securities on behalf of the Offeror (Placement Agent).

## **Article (22)**

### **Authorization of Public Offerings**

- a. An invitation for a Public Offer or offer to sell to potential investors of Securities shall be submitted for authorization to the CMA and registered with the Securities Exchange.
- b. The CMA shall maintain the authorized list of Public Offers and shall make available for public inspection all documents filed in connection with the authorization of such Public Offer.

## **Article (23)**

### **Requirement of Underwriter**

No Public Offer shall be authorized unless the Offeror appoints an Underwriter or Placement Agent.

The Italicized text was omitted from Arabic text- perhaps better included.

### ***Conditions of Public Offer of Bonds***

*If the Securities are Bonds, the documents by which the Issuer creates the obligations represented by the Bonds and authorizes their issuance must include the following items:*

- (a) the terms and conditions of the Bonds, including provisions for payment of interest and principal;*
- (b) details regarding assets, if any, which serve as collateral for the Bonds;*
- (c) details regarding guarantees, if any, by third parties of principal and/or interest; and*
- (d) such other requirements as may be specified in Regulations.*

*If the Securities are Bonds, the Issuer must appoint a Bondholder Representative and, on behalf of future bondholders, enter into an agency contract with the Bondholder Representative pursuant to which the Bondholder Representative*

*shall be obligated to represent bondholders in and out of court with regard to the exercise of their rights with respect to the Bonds.*

*(a) Such agency contract shall provide:*

*(i) that the Bondholder Representative must perform its duties under the agency contract in a prudent manner and in the exclusive interests of the bondholders;*

*(ii) that the Bondholder Representative shall be liable to the bondholders for any loss due to negligence, imprudence, or actions which are motivated by a conflict of interest with respect to the duties of the Bondholder Representative under the agency contract; and*

*(iii) such other requirements as specified in Regulations.*

*(b) A bank or other entity that is affiliated with an Issuer of Bonds (for this purpose including as an "Issuer" any guarantor with respect to the Bonds) may not act as a Bondholder Representative with respect to such Bonds. The determination of whether a bank is affiliated with an Issuer shall be made according to standards specified in Regulations.*

### ***Exemptions***

*The provisions of this Part Three do not apply to:*

*(a) offerings of the following Securities:*

*(i) Bonds and other Securities issued by the Government;*

*(ii) short-term commercial paper with a maturity of up to six months which is issued in accordance with Regulations; or*

*(iii) other classes of Securities which are specified by Regulations;*

*(b) Private Placements;*

*(c) Institutional Placements; and*

*(d) such other types of offerings or transactions as may be exempted from the definition of Public Offer by Regulations.*

### **Article (24)**

#### **Form and Contents of Request for Authorization**

a. A request for authorization submitted to the CMA and shall contain:

(1) an application form for authorization of the Public Offering;

(2) a prospectus, as proposed to be published in accordance with the requirements of Article (25);

(3) financial statements which meet the requirements of International Accounting Standards.

*(4) evidence that the Securities when issued will conform to the requirements for trading of the Securities Exchange and with the rules of the Clearing, Deposit and Settlement Center; **there is a misprint, the paragraph refers to the CMA instead of the PSE.***

(5) evidence that the issue of Securities or the Public Offer has complied with all necessary approvals; and

(6) such additional information as may be specified in Regulations.

b. The request for authorization must be signed by the Offeror and by the Underwriter or Placement Agent appointed by the Offeror, as applicable, and by such other persons as specified in Regulations.

#### **Article (25)**

##### **Publication of Prospectus and Other Offering Materials**

The Offeror shall publish a prospectus which contains full, true and plain disclosure of all information which investors would reasonably need and reasonably expect to find in the prospectus for the purpose of making an informed assessment and shall contain:

- (1) Full disclosure on the Offeror, nature of business activities and management.
- (2) Full disclosure on the Securities as to price, nature, amounts, and other relevant information.
- (3) Full disclosure on the assets and liabilities, profits and losses, financial position, general business activities, and future prospects of the business to which the Securities relate, together with the rights represented by the Securities, and the merits and risks involved in the proposed investment, the financial statement for the last three years, if available, or the projected financial statement for the next two years audited by auditors in accordance with international accounting standards.
- (4) Other information as may be required by the CMA and the Securities Exchange for the purpose of making an informed assessment by investors.

#### **Article (26)**

##### **CMA Approval of Request for Authorization**

The CMA shall reject a request for authorization only in the event that:

- (1) the request for authorization, including the prospectus, is incomplete or otherwise does not meet the requirements of this Law or of Regulations;
- (2) the fees were not duly paid;
- (3) the Offeror or Issuer is not in compliance with provisions of this Law or Regulations;

- (4) the Public Offer otherwise fails to meet the requirements of this Law or Regulations;
- (5) If there is a material omission in the prospectus or includes false or misleading facts;
- (6) The CMA shall, within thirty days of the submission of the request for authorization, notify the Offeror whether the request for authorization is approved or rejected. In case the request for authorization is rejected, the notification to the Offeror shall describe the reasons.

#### **Article (27)** **Responsibility for the Accuracy of the Prospectus**

The Issuer shall be responsible for the content of the prospectus, accuracy, adequacy; the approval of the CMA shall not mean an endorsement of the information provided therein nor that the CMA or the Securities Exchange accept responsibility for its content.

#### **Article (28)** **Amendment of Approved Request for Authorization**

- a. After the CMA has approved a request for authorization for a Public Offer of Securities but before the distribution of such Securities is completed, the request for authorization (and the related prospectus, if applicable) shall be amended by the Offeror in the event:
  - (1) there has been a material change in any information contained in the request for authorization (and the related prospectus, if applicable); or
  - (2) the CMA notifies the Offeror that it has determined that the contents of the request for authorization are misleading, incorrect, or omit material information which may be possibly detrimental to investors.
- b. In the event amendments to the request for authorization involve changes to information contained in the prospectus, in accordance with procedures specified in Regulations:
  - (1) the prospectus shall be amended;
  - (2) persons who acquired or subscribed to the Securities shall be notified; and
  - (3) such persons may cancel the acquisition or subscription and demand a full refund of the money or other consideration paid by such persons, provided that the acquiror or subscriber does so within a reasonable period of time (which may be specified by Regulations).

#### **Article (29)** **Suspension of Public Offer**

If, after approving a request for authorization for a Public Offer of Securities but before the distribution of such Securities is completed, the CMA determines that the contents of the request for authorization or any materials disseminated to prospective investors in connection with the Public Offer are misleading, incorrect or omit material information which may be detrimental to

investors, the CMA may suspend the Public Offer and, if the deficiency in disclosure has not been rectified according to the procedures and within a period of time specified in Regulations, cancel the authorization of the Public Offer and order that any Securities already issued be canceled and all payments received from investors returned to them.

## **PART FOUR**

### **REPORTING ISSUERS**

#### **Article (30)**

“Reporting Issuer” means an Issuer, other than the Government, whose Securities are widely held by the public. Subject to exemptions which may be specified in Regulations, an Issuer's securities shall be deemed to be widely held if:

- (1) the Securities were distributed in a Public Offering, and the CMA has not authorized the Issuer to cancel the authorization of the Securities with the CMA;
- (2) the Securities are listed or otherwise eligible for trading on the Securities Exchange; or
- (3) the distribution of the Securities was conducted as part of a merger, consolidation, spin-off or other corporate reorganization in which at least one Reporting Issuer was party to the transaction.

#### **Article (31)**

##### **Authorization**

- a. Every Issuer must request authorization from the CMA. An Issuer becomes authorized at the time the CMA approves the request for authorization for the Public Offer.
- b. The CMA shall maintain an authorized list of Reporting Issuers and such list and all materials filed with the CMA by Reporting Issuers shall be made available by the CMA for public inspection.

#### **Article (32)**

##### **Requirement to Apply for Trading on the Securities Exchange**

- a. Any Issuer that has the minimum capital required to list its Securities on the Securities Exchange and who has a class of equity Securities that meets the minimum number of shareholder requirements of the Securities Exchange shall be required to comply with all other listing requirements of the Securities Exchange and to apply to the Securities Exchange for all classes of its Securities to be eligible for trading on such Exchange.
- b. No securities may be listed unless fully paid.

**Article (33)**  
**Periodic Reporting by Reporting Issuers**

a. Each Issuer shall file an annual report with the CMA within the first three months following the end of each fiscal year of such Issuer. Such a report shall include at least the following information:

- (1) a full description of the Issuer, the nature of its business and the areas of its activities;
- (2) the names of the members of its board of directors, managers, senior officers and major shareholders or partners;
- (3) clearly stated financial information indicating the Reporting Issuer's financial position; and
- (4) the trends or uncertainties which the Reporting Issuer's management expects will or may have a material effect on the issuer's financial results or conditions.

b. The CMA shall adopt Regulations specifying the timing, contents and presentation of other periodic reports required to be submitted thereto by Reporting Issuers, the information that shall be included therein and any other additional documentation that shall be attached thereto, as well as the persons who shall sign the same. Such periodic reports shall ordinarily be required to be submitted no less frequently than each quarter. However the CMA may by Regulation permit certain classes of Reporting Issuers to submit such reports on a semi-annual basis.

**Article (34)**  
**Duty of Disclosure of Events**

- a. Every Issuer must promptly submit to the CMA and the Securities Exchange, and disclose to the public, information regarding events or business developments that may reasonably be expected to have a significant effect on the market price of the Securities issued by such Issuer.
- b. The CMA or the Securities Exchange may require the Issuer to disclose any information and the Issuer must disclose this information within the specified period.
- c. The CMA or the Securities Exchange may disseminate the disclosed information at the Issuer's expense.

**Article (35)**  
**Accounting and Auditing Standards**

a. To promote disclosure of meaningful information with respect to the financial condition and results of operations of Issuers, the CMA shall adopt Regulations which establish:

- (1) accounting rules applicable to financial reports (including financial disclosure made in connection with a Public Offer) which Issuers are required to prepare in

accordance with International Accounting Standards of the International Accounting Standards Committee;

(2) auditing practices to be followed by accounts auditors in examining and certifying such financial reports;

(c) the currency or currencies in which such reports must be stated.

- b. If a Reporting Issuer owns, directly or indirectly, a fifty percent (50%) or more interest in any other enterprise, any financial reports required to be made by the Reporting Issuer pursuant to this Law and Regulations shall include financial reports on such other enterprise or enterprises presented on a consolidated basis as provided in Regulations.

### **Article (36)**

#### **Form of Securities; No Bearer Instruments; Must be Registered**

- a. Securities issued by an Issuer must be in registered form, fully paid, and evidenced by entries in the register of Securities of the Issuer maintained by the Clearing, Deposit and Settlement Center. No Reporting Issuer shall issue Securities evidenced by physical certificates.
- b. In case Securities of an Issuer which are eligible for trading on the Securities Exchange have been issued before the entry into effect of this Law and are evidenced by physical certificates, such certificates must be presented to the Clearing, Deposit and Settlement Center for registration of their owner on the register of the Issuer maintained by the Clearing, Deposit and Settlement Center prior to effecting any transfer of such Securities by the Clearing, Deposit and Settlement Center.

### **Article (37)**

#### **Cancellation of Authorization as a Reporting Issuer**

- a. In the event that no class of Securities of an Issuer has more than the minimum number of holders required for listing on the Securities Exchange, the Issuer may submit an application to the CMA for cancellation of its authorization as an Issuer. Such application shall include a statement by the Securities Exchange (i) as to the frequency of trading of the Securities and (ii) whether the Securities Exchange agrees that the Securities should cease to be eligible for trading thereon.
- b. Upon approval by the CMA of an application, the CMA will disclose to the public the cancellation of the authorization of the Issuer as an Issuer, the Issuer shall no longer be obligated to fulfill the duties of an Issuer and shall cease to be eligible for trading on the Securities Exchange.

## **PART FIVE**

### **SECURITIES COMPANIES AND INVESTMENT ADVISORS**

#### **Article (38)**



a. "Securities Company" means a legal person engaged in the business of purchasing and selling Securities for the accounts of others or its own account, and including but not limited to, the following:

- (1) management of Securities portfolios for the accounts of others;
- (2) acting as Underwriter or Placement Agent;
- (3) marketing Securities;
- (4) accepting Securities in custody;
- (5) managing initial public offer;
- (6) other activities as may be specified by the CMA;
- (7) brokerage activities.

This term, however, shall not include:

- (1) the Government;
- (2) any person engaged in purchasing and selling Securities without this activity being a part of his regular or formal business; or
- (3) management Officers and Financial Advisers.

b. "Financial Adviser" means a natural person, other than a Management Officer, who deals with the public or customers through the business of a Securities Company or Investment Advisor.

c. "Investment Advisor" means a person, natural or legal, who charges fees in return for:

- (1) advising others as to the prices of Securities or investment therein; or
- (2) issuing reports and conducting research and analyses in respect of Securities.

This term, however, shall not include:

- (a) a journalist or broadcaster engaged in disseminating financial news published or broadcast to the public without including advice as to individual Securities, or
- (b) a legal counselor, accountant, accounts auditor, engineer or teacher who provides incidental advice in the course of exercising his profession.

- d. "Management Officers" means a natural person who performs any of the functions of management, trading or monitoring of Securities for a Securities Company or an Investment Advisor.
- e. "Other Securities Professional" means a natural person, other than a Management Officer or Financial Adviser, who performs a type of activity for a Securities Company or an Investment Advisor determined by the CMA to be such as to require persons engaged in such activity to meet certain qualifications and apply for and secure a relevant license from the CMA.

### **Article (39)** **License Requirements; Authorized List**

- a. No person, natural or legal, or enterprise shall engage in business as a Securities Company or Investment Advisor prior to securing a relevant license issued by the CMA. A Securities Company may engage in the business of an Investment Advisor without the need for an additional license, but an Investment Advisor may not engage in the business of a Securities Company without an additional license.
- b. No person shall act as Management Officer, Financial Adviser or Other Securities Professional, prior to securing a relevant license issued by the CMA. Moreover, no Securities Company or Investment Advisor may employ any person as a Management Officer, Financial Adviser or Other Securities Professional unless such person is licensed by the CMA.
- c. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels. The CMA shall have the power to specify different requirements for each activity.
- d. The CMA may authorize the Securities Exchange to certify the qualifications of applicants to be licensed as Management Officers, Financial Advisers and Other Securities Professionals and to prepare and administer any examinations that may be required as a condition of licensing. The CMA may also authorize the Securities Exchange to verify that such persons continue to meet the requirements for any licenses issued to them during the term of such licenses.
- e. The CMA shall maintain an authorized list of Securities Companies, Investment Advisors, Management Officers, Financial Advisers and Other Securities Professionals, and all materials filed with the CMA by such entities shall be made available by the CMA for public inspection.

### **Article (40)** **Obligations of Securities Companies and Investment Advisors**

- a. Securities Companies and Investment Advisors (where applicable) shall:
  - (1) perform services for customers only pursuant to a written contract;

- (2) maintain adequate capital or submit an appropriate bank guarantee;
- (3) abstain from using the funds and Securities of customers for their own private purposes and maintain all money, Securities and other property held for a customer or other party clearly segregated from its own money, Securities and other property, and money, Securities and other property held for other persons.
- (4) the manner in which property held for others is segregated, including the manner of opening and keeping accounts for customers, shall comply with Regulations. Such Regulations shall prescribe the timing and method of examination by an accounts auditors of the records, accounts and internal controls of each Securities Company, or Investment Advisor (such audits to paid for by the Securities Company or Investment Advisor) and shall provide for reports on such examinations to the CMA;
- (5) disclose to a customer when acting as for its own account in executing an order by the customer for the purchase or sale of Securities;
- (6) accord priority to the execution of orders of customers over the execution of trades for its own account;
- (7) in making any recommendation to a customer, have reasonable grounds for believing that the recommendation is suitable for such customer on the basis of facts disclosed by such client as to its other Securities holdings and as to its financial situation and needs;
- (8) except as permitted by Regulations and other applicable law and regulations, directly or indirectly extend or maintain credit to another person to enable such person to acquire or carry Securities;
- (9) abstain from extending substantial payment facilities to customers to purchase and hold Securities;
- (10) abstain from guaranteeing or promising customers certain profits;
- (11) fill customers orders in the speediest and best possible manner;
- (12) abstain from undertaking multiple purchasing and selling transactions for the accounts of customers without explicit and clear authorization;
- (13) provide customers with adequate account statements and notices;
- (14) prepare and maintain adequate and clear records and data; and
- (15) abstain from ceasing any of their operations and business and causing damage to customers or the securities markets.

b. Securities Companies shall be obligated to pass on to customers holding Securities of an Issuer communications received from such Issuer, directly or through the Clearing, Deposit and Settlement Center, and to transmit to such Issuer, directly or through such Center, instructions received from such holders.

**Article (41)**  
**Membership in the Securities Exchange**

a. All Securities Companies shall become and remain members of the Securities Exchange and shall agree unconditionally to abide by all applicable rules of the Securities Exchange.

b. A Securities Company shall:

(1) comply with all information disclosure and reporting requirements imposed by the Securities Exchange;

(2) make its premises and books and records available for inspection by the Securities Exchange;

(3) provide documents and other information required by the Securities Exchange; and

(4) conduct all of its Securities trading activities through the facilities of the Securities Exchange.

c. The Securities Exchange may suspend or cancel the membership of any Securities Company if it fails to comply with its rules, regulations and instructions.

**Article (42)**  
**Authority of CMA over Securities Companies and Investment Advisors**

a. The CMA shall have the power to issue Regulations specifying the duties and obligations of Securities Companies and Investment Advisors in respect of the items listed in Article (40) (a) and (b).

b. The CMA shall have the power to request Securities Companies and Investment Advisors to submit information and reports on their business, in accordance with Regulations and the CMA shall have full authority to examine the premises, books and records of a Securities Company or Investment Advisor.

c. All records, data, documents, correspondence and contracts of Securities Companies and Investment Advisors shall be subject to review and inspection by the CMA. The CMA may make copies of the same or request copies to be made and submitted thereto.

d. If the CMA has access to confidential information in accordance with the provisions of this Part Five, it shall maintain the confidentiality of such information. The CMA may also, if it

deems it appropriate, disclose such information to the parties concerned.

e. The CMA may deny, suspend or revoke any license issued pursuant to this Part Five. It shall also have the power to monitor and impose limits on the business of any licensee if, after notice and opportunity for response, the CMA finds that such person:

- (1) has provided the CMA with false or unclear information in the license application or any report;
- (2) does not meet the qualifications and requirements specified in this Law or in Regulations;
- (3) has violated the provisions of this Law, Regulations, any foreign securities law or any rules or regulations issued pursuant thereto;
- (4) has violated the rules of the Securities Exchange or Clearing, Deposit and Settlement Center;
- (5) failed to monitor the work of any employee or other person under such person's supervision to prevent a violation of this Law, any foreign securities law and regulations and rules related thereto; or
- (6) has been sentenced, during the ten-year period prior to the date of the decision to effect such denial, suspension or revocation, for a financial misdemeanor or felony or any of the same related to Securities.

#### **Article (43)**

##### **Notification of Change in Circumstances**

A Securities Company or Investment Advisor is required to notify the CMA of any changes in circumstances which may affect its licensed status. Such notification shall be made within the time and in the manner specified in Regulations. Circumstances requiring notification shall include:

- (1) if such Securities Company or Investment Advisor ceases to carry on the business activities for which the license was granted;
- (2) if such Securities Company or Investment Advisor is a legal entity and ceases to have in its employ any executive directors, executive officers or supervisory staff who have the appropriate license for the category or categories of securities business for which such Securities Company or Investment Advisor received its license(s);
- (3) if the Securities Exchange suspends the licensee's membership rights;
- (4) if the Clearing, Deposit and Settlement Center suspends the licensee's participation rights;

- (5) if any material change occurs in any information which is required by Regulations to be entered in the authorized list of Securities Companies and Investment Advisors maintained by the CMA;
- (6) the occurrence of any events which adversely affect the financial position of the Securities Company or Investment Advisor, as defined in Regulations; and
- (7) any other type of circumstance or event specified in Regulations.

#### **Article (44)**

##### **Status of Property Held on Behalf of others**

- a. Securities or other property held for the benefit of another party by a Securities Company shall not be the property, or be available for payment of debts or other obligation (including execution of an order or under a process of any court) of such Securities Company.
- b. The CMA may, by Regulation or through the approval of rules of the Securities Exchange, require a Securities Company, or Custodian to maintain insurance or participate in a system of guarantees or compensation which would meet claims in the event such Securities Company, or Custodian has inadequate assets to cover its obligations to customers.

#### **Article (45)**

##### **Customer Confidentiality**

A Securities Company or Investment Advisor, its directors, officers or employees may not disclose to any person information concerning a customer's transactions in or holdings of Securities without the express written permission of such customer which shall be required in each instance in which such information is to be disclosed. This restriction shall not apply to information permitted or required to be provided under this Law or Regulations to the CMA, the Securities Exchange or the Clearing, Deposit and Settlement Center.

#### **PART SIX**

##### **COLLECTIVE INVESTMENT SCHEMES**

#### **Article (46)**

- a. "Collective Investment Scheme" means a business engaged in mobilizing capital from investors, investing such capital on their behalf in a portfolio of Securities (or such other types of investment assets that may be specified from time to time by Regulations) managed on a collective basis and in which investors are entitled to participate in the capital and earnings. Such Scheme may take the form of a legal entity, a trust, or may be created by a collective investment contract between a Portfolio Sponsor and investors.
- b. "Fund Administrator" means a legal entity, licensed by the CMA, that performs administrative services for a Scheme, including, but not limited to, the keeping the records of investor holdings, conducting subscriptions and redemptions and effecting payment of dividends to Scheme investors.

c. "Fund Custodian" means a Custodian, licensed by the CMA, that provides Custody Services for a Collective Investment Scheme.

d. "Fund Overseer" [Supervisor / Auditor] means a legal entity, licensed by the CMA, that is responsible for monitoring the conduct of a Scheme's activities in accordance with this Law and Regulations of the CMA, including monitoring compliance by the Portfolio Manager and Fund Administrator with their obligations and responsibilities under this Law and Regulations.

e. "Fund Sponsor" means a legal entity, licensed by the CMA, that promotes the establishment of one or more Collective Investment Schemes or underwrites the costs of establishing a Scheme.

f. "Portfolio Manager" means a natural person or legal entity, licensed by the CMA, that manages [makes the investment decisions] the portfolio investments of one or more Collective Investment Schemes.

#### **Article (47)**

#### **Licensing; Types of Collective Investment Schemes**

No legal entity, trust or contractual or other arrangement may operate as a Collective Investment Scheme prior to securing a relevant license issued by the CMA. The CMA shall issue regulations specifying procedures for licensing Collective Investment Schemes.

#### **Article (48)**

#### **Type of Collective Investment Schemes**

a. A Collective Investment Scheme may be one of two types:

- 1 Schemes that are redeemable at periodic intervals at the option of the investor (open-end); or
- 2 Securities that are not redeemable by the investor (closed-end).

b. The closed-end scheme may issue investment units through private placements or public offer and may be listed on the Securities Exchange in accordance with listing requirements.

c. The closed-end scheme may become an open-end scheme subject to applicable rules and regulations.

d. The open-end scheme may not issue or redeem its units except for a price calculated on the basis of the net value of assets subject to procedures specified by the Securities Exchange.

e. The open-ended scheme shall issue or redeem its units as specified in its by-Laws unless exceptions are granted by the Securities Exchange.

f. The open-ended scheme shall ensure that its investments are highly liquid.

g. The CMA shall provide the minimum liquidity to be maintained by the open-ended scheme.

## **Article (49)**

### **Establishment and Operation of Collective Investment Schemes**

- a. A Collective Investment Scheme shall have a Fund Sponsor, a Portfolio Manager, a Fund Administrator, a Fund Overseer and a Fund Custodian. Subject to the provisions of this Law and Regulations, the same legal entity may serve in more than one such capacity. However, the Fund Sponsor or Portfolio Manager of a Scheme may not serve as such Scheme's Fund Overseer or Fund Custodian.
- b. Only a licensed Fund Sponsor may promote the establishment of a Scheme or underwrite the costs of establishing a Scheme.
- c. No Fund Custodian may be a Fund Overseer for the same Scheme.
- d. The Fund Overseer may not abuse discretion for direct or indirect interest.
- e. A Collective Investment Scheme shall comply with requirements of Regulations relating to its establishment, organization and the conduct of its business, which may include provisions with respect to:
  - (1) permitted assets (including Securities, cash and other assets) and limitations on the amounts of certain types of assets that a Collective Investment Scheme may hold;
  - (2) diversification of a Scheme's portfolio of investment among instruments issued or guaranteed by different Issuers;
  - (3) minimum capital and liquidity requirements;
  - (4) the amount of a Scheme's capital which may or must be held by the Fund Sponsor, the period for which the Fund Sponsor must maintain any required investment in a sponsored Scheme, and the circumstances under which and the manner in which a Fund Sponsor may liquidate its investment in a sponsored Scheme;
  - (5) contents of a Scheme's organizational documents, request for authorization and its prospectus;
  - (6) form and content of contracts entered into by Collective Investment Schemes, Fund Administrators, Fund Custodians, Fund Sponsors, Fund Overseers and Portfolio Managers.
  - (7) execution of transactions on behalf of a Scheme and use by Portfolio Managers of affiliated Securities Companies in the execution of transactions on behalf of a Scheme;



- (8) information that must be provided to the CMA, investors and the public on a periodic basis and on demand;
- (9) investment objectives and policies of a Scheme;
- (10) distribution of earnings;
- (11) accounting and auditing practices, including methods for valuation of portfolio assets;
- (12) the contents and preparation of audit reports which must be provided to the CMA;
- (13) methods for distribution and marketing of Securities issued by a Scheme, the content of advertising and promotional materials and the conduct of persons engaged in advertising and promoting investment in a Scheme;
- (14) calculation of the value of a Scheme's assets and pricing by a Scheme of its Securities;
- (15) transfer of Securities issued by a Scheme;
- (16) listing of a Scheme's Securities on the Securities Exchange;
- (17) safekeeping of the assets of a Scheme by a Fund Custodian;
- (18) fees and expenses payable by the Scheme and investors, including fees and expenses in connection with promotion and advertisement of the Scheme; and
- (19) such other requirements as the CMA may deem advisable for the protection of investors.

#### **Article (50)**

The CMA shall maintain an authorized list of Collective Investment Schemes, Fund Promoters, Portfolio Managers Fund Administrators, Fund Overseers, and Fund Custodians and all materials filed with the CMA by such entities shall be made available by the CMA for public inspection.

#### **Article (51)**

##### **Reporting and Disclosure**

- a. A Scheme must submit reports to the CMA on its financial performance and portfolio. Such reports must be submitted no less frequently than semi-annually and shall comply with Regulations. Information contained in the reports must also be disclosed to the public. The contents of information disclosed to the public and the method and timing of dissemination shall comply with Regulations.
- b. A Scheme must periodically disclose to the public information with respect to the valuation of its portfolio. The timing of such disclosure, and the accounting rules, auditing practices, and methods for determining such valuation, shall comply with Regulations.
- c. The provisions of Part Four with respect to disclosure by Reporting Issuers of significant events shall apply to Collective Investment Schemes. The CMA may issue Regulations concerning disclosure requirements that apply specifically to Collective Investment Schemes.

d. The CMA may by Regulations assign responsibility to one or more parties involved in the establishment and operation of a Scheme (including the Fund Administrator, Fund Custodian, Fund Overseer, Fund Sponsor and Portfolio Manager) for complying on behalf of a Scheme with the reporting and disclosure requirements of paragraphs (a), (b) and (c).

e. The issuance of Securities by a Collective Investment Scheme shall be deemed to be a Public Offer and must be carried out in accordance with the provisions of Part Three of this law.

## **Article (52)**

### **Issuance of Securities by Collective Investment Schemes**

a. The CMA may, upon the application of a Fund Sponsor, exempt a Scheme which does not conduct a Public Offer from one or more requirements of this Chapter, where the CMA determines that exemption from the application of such requirement or requirements is consistent with the objectives of this Law and the protection of investors, and is in the best interests of the soundness and development of the securities market.

b. The CMA may, upon the application of any party, exempt such party from one or more the requirements of this Part Eight or Regulations issued pursuant hereto, where the CMA determines that exemption from the application of such requirement or requirements is consistent with the objectives of this Law and the protection of investors, and is in the best interests of the soundness and development of the securities market.

## **Article (53)**

### **Fund Sponsors**

a. No person, natural or legal, or enterprise may promote the establishment of a Scheme prior to securing a relevant license issued by the CMA. No person, natural or legal, may incur cost in connection with establishing a Scheme prior to securing a relevant license or as permitted in Regulations of the CMA. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels.

b. A Fund Sponsor will conduct its activities in accordance with Regulations. A Scheme's Fund Sponsor will be required to sign the request for authorization of the public offering of interests in a Scheme and shall be liable to purchasers of Securities of a Scheme.

## **Article (54)**

### **Portfolio Managers**

a. No person, natural or legal, or enterprise shall engage in business as a Portfolio Manager prior to securing a relevant license issued by the CMA. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels.

b. A Portfolio Manager will conduct its activities in accordance with Regulations. A Portfolio Manager must manage the investments of a Collective Investment Scheme in a proper, prudent and efficient manner for the exclusive benefit of investors, using the same care a prudent person would use in the management of such person's own assets.

c. In addition to complying with Regulations regarding the management of investments of Collective Investment Schemes, a Portfolio Manager must manage the investments of a Collective Investment Scheme in a manner consistent with the investment objectives and policies contained in the prospectus for the Scheme and in other information which may be disseminated to potential investors in connection with the distribution of the Securities of the Scheme.

### **Article (55)** **Fund Administrators**

a. No person, natural or legal, or enterprise may keep the records of a Scheme, or the records of investor holdings, or conduct subscriptions and redemptions of Securities of a Scheme or effect payment of dividends to Scheme investors, prior to securing a relevant license issued by the CMA. The CMA may by Regulation specify additional administrative services that may be performed for a Scheme only by a licensed Fund Administrator. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels.

b. A Fund Administrator will conduct its activities in accordance with Regulations. A Fund Administrator must provide administrative services for a Collective Investment Scheme in a proper, prudent and efficient manner for the exclusive benefit of investors, using the same care a prudent person would use in respect of such person's own assets

### **Article (56)** **Fund Overseers**

a. The CMA shall establish by Regulation the responsibilities of Fund Overseers for monitoring the conduct of a Scheme's activities, including monitoring compliance by the Portfolio Manager and Fund Administrator with their obligations and responsibilities under this Law and Regulations. Such Regulations shall set out specific actions that must be carried out and reporting requirements that a Fund Overseer must comply with in the course of such monitoring.

b. No person, natural or legal, or enterprise may serve as a Fund Overseers prior to securing a relevant license issued by the CMA. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels.

c. A Fund Overseer will conduct its activities in accordance with Regulations. A Fund Overseer must carry out its responsibilities for a Collective Investment Scheme in a proper, prudent and

efficient manner for the exclusive benefit of investors, using the same care a prudent person would use in respect of such person's own assets.

d. A Fund Overseer shall not trade for its own account in a Collective Investment Scheme it is overseeing.

### **Article (57)**

#### **Fund Custodians**

a. No person, natural or legal, or enterprise shall engage in business as a Fund Custodian prior to securing a relevant license issued by the CMA. The CMA shall issue Regulations specifying licensing procedures and essential requirements of qualified applicants for licenses, and those to be maintained throughout the duration of the license, including minimum capital, financial condition, solvency, management, professional and technical levels.

b. A Fund Custodian will conduct its activities in accordance with Regulations. A Fund Custodian must provide Custody Services for a Collective Investment Scheme in a proper, prudent and efficient manner for the exclusive benefit of investors, using the same care a prudent person would use in respect of such person's own assets

### **Article (58)**

#### **Other Service Providers**

The CMA may establish qualifications and other requirements for entities that perform services for Collective Investment Schemes and may by Regulation establish when such persons must be licensed to perform such services.

### **Article (59)**

#### **Liability**

Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers, Fund Custodians, and other entities that perform services for a Collective Investment Scheme shall be liable to the Scheme and its investors for acts and omissions (including acts or omissions of employees, agents or contractors) in violation of this Law or Regulations.

### **Article (60)**

#### **Authority of CMA over Collective Investment Schemes, Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers and Fund Custodians**

a. The CMA shall have the power to issue Regulations specifying the duties and obligations of Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers and Fund Custodians, in respect of the requirements of this Chapter including measures to be taken to ensure independent management in case a Portfolio Manager is affiliated with an Issuer, Securities Company, bank or other financial institution.

- b. The CMA shall have the power to determine what persons and legal entities qualify as affiliates or related parties for purposes of the requirements of this Part Eight.
- c. The CMA shall have the power to request Collective Investment Schemes, Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers and Fund Custodians and any other service providers that perform services for a Scheme to submit information and reports on their business in connection with the establishment and operations of a Collective Investment Scheme, in accordance with Regulations. The CMA shall have full authority to examine the premises, books and records of Collective Investment Schemes, Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers, and Fund Custodians.
- d. All records, data, documents, correspondence and contracts of Collective Investment Schemes, Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers and Fund Custodians shall be subject to review and inspection by the CMA. The CMA may make copies of the same or request copies to be made and submitted thereto.
- e. If the CMA has access to confidential information in accordance with the provisions of this Part Eight, it shall maintain the confidentiality of such information. However, the CMA may share such information with other agencies of Palestine.
- f. The CMA may deny, suspend, amend, revoke or impose conditions on the continuance of any license issued pursuant to this Part Eight. It shall also have the power to monitor and impose limits on the business of any licensee if, after notice and opportunity for response, the CMA finds that such person:
- (1) has provided the CMA with false or unclear information in the license application or any report;
  - (2) does not meet the qualifications and requirements specified in this Law or in Regulations;
  - (3) has violated the provisions of this Law, Regulations, any foreign securities law or any rules or regulations issued pursuant thereto;
  - (4) has violated the rules of the Securities Exchange;
  - (5) failed to monitor the work of any employee or other person under such person's supervision to prevent a violation of this Law, any foreign securities law and regulations and rules related thereto; or
  - (6) has been sentenced, during the ten-year period prior to the date of the decision to effect such denial, suspension or revocation, for a financial misdemeanor or felony or any of the same related to Securities.

## **Article (61)**

### **Change in Circumstances**

a. Any party who is licensed pursuant to this Chapter is required to notify the CMA of any changes in circumstances which may affect its licensed status. Such notification shall be made within the time and in the manner specified in Regulations. Circumstances requiring notification shall include:

- (1) if such party ceases to carry on the business activities for which the license was granted;
- (2) in the case of a Fund Custodian, if the Clearing, Deposit and Settlement Center suspends the licensee's participation rights;
- (3) if any material change occurs in any information which is required by Regulations to be entered in the authorized list of Collective Investment Schemes, Fund Sponsors, Portfolio Managers, Fund Administrators, Fund Overseers and Fund Custodians maintained by the CMA;
- (4) the occurrence of any events which adversely affect the financial position of such party, as defined in Regulations; and
- (5) any other type of circumstance or event specified in Regulations.

b. The CMA may by Regulation require that Collective Investment Schemes, Fund Sponsors, Fund Administrators, Fund Custodians, Fund Overseers, Portfolio Managers and any other parties licensed pursuant to this Part Eight apply for and receive the approval of the CMA prior to execution of such changes of a fundamental character in their organization, ownership, capital or activities as the CMA may by Regulation specify (including, but not limited to changes in ownership and control, amendment of legal form, sale of substantially all assets, merger, and change of investment objective).

### **Article (62)**

#### **Status of Property Held on Behalf of a Collective Investment Scheme**

Securities or other property held for the benefit of a Collective Investment Scheme by a Fund Custodian shall not be the property, or be available for payment of debts or other obligation.

### **Article (63)**

#### **Customer Confidentiality**

A Collective Investment Scheme, Fund Sponsor, Portfolio Manager, Fund Administrator, Fund Overseer, or Fund Custodian, its directors, officers or employees may not disclose to any person information concerning an investor's transactions in or holdings of Securities of a Collective Investment Scheme without the express written permission of such investor which shall be required in each instance in which such information is to be disclosed. This restriction shall not apply to information permitted or required to be provided under this Law or Regulations to the CMA, the Securities Exchange.

## **CHAPTER SEVEN**

### **Bond Issue**

#### **Article (64)**

Bonds are securities issued with nominal value by a public shareholding company and offered through public offers pursuant to the provisions of this Law or other laws where a company guarantees the bond issuance and interest paid.

#### **Article (65)**

##### **Requirements for Bond Issuance**

- a. The application for authorization made by an Issuer must include the following:
  1. terms and conditions for the bond issue including capital and interest.
  2. Guarantees made available by Issuer.
  3. Guarantees made by third parties for the capital and/or interest.
  4. Other requirements stipulated by the Regulations.
- b. The issuance of bonds shall be authorized by a majority vote of the Board of Directors of the company; in the event the bonds are converted into shares, the approval of an extraordinary general assembly shall be sought; such approval shall be deemed authorization to increase the stated capital.
- c. The following shall be exempt from the requirements of this Chapter:
  - i. Bonds issued by the government.
  - ii. Commercial paper with short term maturity not exceeding six months issued pursuant regulations.
  - iii. Other securities specified by regulations.
2. Private placements.
3. Official placements.
4. Other offers that are not part of a public offer issued to pursuant to regulation.

#### **Article (66)**

##### **Bonds Eligible to Trade**

Bonds shall be registered with the Securities Exchange and shall be eligible to trade.

#### **Article (67)**

##### **Nominal Value of Bonds**

- a. Bonds shall be issued under one nominal value and may be issued in various groups.
- b. Bonds may be sold at nominal value, discounted or share premium, payment shall be made in the nominal value.

#### **Article (68)**

##### **Payment for Bonds**

The Payment for bonds shall be fully paid and shall be registered to the Issuer, in the event an underwriter offers the bonds, payment may be registered to the underwriter pursuant to approval

by the Board of Directors of the Issuer and all proceeds shall be released on the date agreed to with the underwriter.

#### **Article (69)**

##### **Certificates**

The Certificates issued by the Center shall be proof of ownership.

#### **Article (70)**

##### **Bonds Guarantee**

In the event the bond issue is guaranteed by movable or immovable property, tangible or intangible assets or other guarantees, such assets shall be pledged subject to applicable laws and properly documented before release of proceeds of the public offer to the Issuer.

#### **Article (71)**

##### **Currency of Bonds**

Bonds may be issued in a local or foreign currency.

#### **Article (72)**

##### **Underwriting during Specified Period**

The CMA and Securities Exchange may accept the amount if subscribed to in the event the issue was not fully subscribed to during the specified period.

#### **Article (73)**

##### **Requirement for Convertible Bond Issue**

- a. A public shareholding company may issue convertible bonds pursuant to the following rules:
  1. A board resolution containing all terms and conditions for the issuance of convertible bonds;
  2. The holder of the convertible bond must convert the bonds on dates specified in the rules otherwise the right shall be deemed to have been forfeited.
  3. The dividends must be paid out on maturity and end of fiscal year.
  4. At the end of each fiscal year, the number of shares issued that were converted into bonds by must be itemized during the same fiscal year.

#### **Article (74)**

##### **Committee of Bond Holders**

- a. A Committee of bondholders shall be formed for each issue.
- b. The Committee may appoint a custodian for the bond issue at the expense of the Issuer.
- c. The custodian shall be licensed to perform this function.

#### **Article (75)**

##### **Duties of the Committee of Bond Holders**

- a. The Committee shall protect the interests of the bond holders and shall cooperate with the custodian to ensure their protection.
- b. The Committee shall convene by a call of the Board of the issuer and the custodian shall call for the invitation.



**Article (76)**  
**Duties of the Custodian**

The custodian shall have the following duties:

1. Represent the Committee of bond holders before the judiciary as plaintiff or defendant and other official bodies.
2. Act as secretary for the meetings of the Committee.
3. Take all necessary steps for safeguarding the interests of the bond holders.
4. Other duties the Committee assigns.

**Article (77)**  
Omitted

**Article (78)**  
**Call to the Meeting of the General Assembly of the Issuer**

The issuer shall invite the custodian to its general assembly meetings who shall attend but may not vote.

**Article (79)**  
**Meetings of the Committee of Bond Holders**

- a. The custodian shall call the meetings of the Committee provided that at least of one meeting is held per year.
- b. The Committee's meetings shall be governed by the same rules for the General Assembly.
- c. Contravention of the rules for the issue shall be invalid unless approved by two thirds of the votes represented in the Committee meetings so long as the bonds represented present constitute two thirds of the value of the bonds issued by the issuer.
- d. All resolutions shall be officially noted and reported to the issuer and the Securities Exchange.

**Article (80)**  
**Right to Redeem Bonds**

The conditions for the issue of bonds may permit redemption of the bonds.

**CHAPTER EIGHT**  
**Article (81)**

**MAJOR HOLDINGS AND TENDER OFFERS**

- a. "Major Holder" means any person that is required to make disclosure of their holding of Securities pursuant to Article 83(a) and (b).
- b. "Tender Offer" means an offer to purchase all or a portion of the outstanding Securities of an Issuer directed to more than thirty (30) persons for the purchase of more than ten percent (10%) of a single issuer.
- c. "Voting Securities" for purposes of this Part Ten means Securities of a Reporting Issuer with the right to vote at a general meeting of shareholders (including any other Securities convertible at the option of the holder into such Securities). The CMA may determine by Regulations

whether certain types of Securities qualify as Voting Securities.

## **Article (82)**

### **Disclosure of Major Holdings**

- a. Any person who holds, directly or indirectly (including through beneficial interests), on the effective date of this Law, ten percent (10%) or more of the Voting Securities of a Reporting Issuer, shall, within sixty days of the effective date of this Law, report to the CMA and the Securities Exchange, the amount of such Securities held, directly or indirectly, by such person.
- b. Any person who acquires or sells Securities such that such person's direct or indirect holding (including through beneficial interests) surpasses or falls below any multiple of ten percent of the Voting Securities of a Reporting Issuer, shall, within seven days of such acquisition, report to the CMA and the Securities Exchange, the amount of such Securities held, directly or indirectly, by such person.

## **Article (83)**

### **Tender Offers**

- a. Any person, including an Issuer, that conducts a Tender Offer shall, at or prior to the time the offer is made, file a report regarding itself and the Tender Offer with the CMA, the Securities Exchange and the Issuer and shall make public the terms of such offer in the manner provided in Regulations of the CMA and the rules of the Securities Exchange.
- b. An Issuer whose Securities are the subject of a Tender Offer shall, within 5 days of receipt of the report referred to in paragraph (a) above, file a report with the CMA and the Securities Exchange responding to the Tender Offer and shall make public its response in the manner provided in Regulations of the CMA and the rules of the Securities Exchange.
- c. The CMA and the Securities Exchange shall allow full public access to, and permit the copying of, any reports filed therewith pursuant to paragraphs (a) and (b).

## **Article (84)**

### **Terms and Conditions of a Tender Offer; Equal Treatment of Holders**

- a. A Tender Offer in respect of any class of Security of a Reporting Issuer shall be considered an offer submitted to all holder of such Securities.
- b. A person conducting a Tender Offer shall without discrimination pay to any person holding Securities of the class that are the subject of the offer and that are willing to sell, an amount equal to the highest consideration paid any other seller in the Tender Offer.
- c. If a Tender Offer is made for less than the total outstanding Securities and the holders of such Securities tender more than the amount of Securities that the purchaser has committed to purchase, the purchaser shall be obligated to make purchases from such holders pro rata in accordance with the number of shares tendered by each holder compared to the total number of

shares tendered.

**Article (85)**  
**Requirement to Conduct Certain Purchases by Means of a Tender Offer**

If a purchaser intends to acquire Voting Securities such that the amount of Voting Securities directly or indirectly held by such purchaser will equal or exceed 10% of the Voting Securities of a Reporting Issuer or result in the purchaser's being able to effectively control such an Issuer, immediately upon consummation of the purchase, the purchase of such securities must be conducted by means of a Tender Offer.

**Article (86)**  
**Powers of the CMA in Respect of Tender Offers**

In order to promote the orderly conduct of Tender Offers and the equitable treatment of holders of Securities that are the subject of a Tender Offer, the CMA may issue Regulations specifying:

- (1) the form and content of reports and notices referred to in this Chapter;
- (2) the procedures with which a prospective purchaser must comply in the conduct of a Tender Offer, including, inter alia, minimum time periods during which the offer to purchase must remain open, security to be provided by the purchaser to guarantee performance, and limitations on the types of conditions that may be included in the Tender Offer

**CHAPTER NINE**

**FRAUD, DECEIT, INSIDERS AND INSIDE INFORMATION**  
**Article (87)**

- a. "Inside Information" means any information relating to an Issuer or its Securities, that has not been made public and that, if made public, would be likely to have a significant effect on the market price of the Securities of an Issuer.
- b. "Insider" means any person who possesses Inside Information by virtue of such person's relationship with a Reporting Issuer as director, manager, employee, underwriter or placement agent, or service provider, or by virtue of such person's direct or indirect ownership interest; and any person who possesses Inside Information the direct or indirect source of which such person knows, or reasonably should know, is someone with such a relationship to the Issuer.

**Article (88)**  
**General Anti-Fraud Provision**

No person shall, directly or indirectly, in connection with any transaction involving the purchase, sale or exchange of any Security, the rendering of investment advice, any authorization, consent, proxy or other information solicited from Security holders or published in connection with a

meeting or other action take by security holders, or any tender offer for Securities or any solicitation of holders of securities in favor of or in opposition to any tender offer:

- (1) employ any device, scheme or artifice to defraud another person; or
- (2) engage in any act, practice or course of business that operates as a fraud or deception, or is likely to operate as a fraud or deception, on that other person.

### **Article (89)** **Use of Deceptive Practices in Inducements**

No person shall, directly or indirectly, in connection with any transaction involving the purchase, sale or exchange of any Security, the rendering of investment advice, any authorization, consent, proxy or other information solicited from Security holders or published in connection with a meeting or other action take by security holders, or any tender offer for Securities or any solicitation of holders of securities in favor of or in opposition to any tender offer, attempt to influence the decision of another person:

- (1) by making or publishing any statement, promise or forecast that such person knows to be false, misleading, or deceptive;
- (2) by any dishonest concealment of a material fact; or
- (3) by recklessly or dishonestly making or publishing any statement, promise or forecast that is false, misleading, or deceptive.

### **Article (90)** **False Trading and Market Manipulation**

a. No person shall create, or cause to be created, or commit any act with the intention of creating:

- (1) a false or misleading appearance of volume of trading in any Security; or
- (2) a false or misleading appearance of the market for, or the price of, any Security.

b. No person shall, directly or indirectly, create a false or misleading appearance of volume of trading of, the market for, or the price of, any Security by:

- (1) effecting a transaction in such Security that does not involve a true change in the actual or beneficial ownership of the Securities;
- (2) entering an order for the purchase or sale of such Security with the knowledge that an order of substantially the same size, at substantially the same price and time, for the purchase or sale of such Security will be entered by such person or others acting in concert with such person; or

(3) entering into any other fictitious transaction or device intended to maintain, inflate, express or cause fluctuation in the market price of such Security.

c. No person shall, directly or indirectly, effect any transaction in a Security of an Issuer that (i) raises its price for the purposes of inducing the purchase of the same Security or another Security of such Issuer by others; (ii) depresses the price for the purpose of inducing the sale of the same Security or another Security of such Issuer by others, or (iii) creates trading, actual or apparent, for the purpose of inducing the purchase or sale by others of such Security or another Security of such Issuer.

### **Article (91)**

#### **Insider Dealings**

a. No Insider shall, while in the possession of Inside Information, directly or indirectly purchase or sell, either for such person's own account or for others, Securities of any Issuer to which such information relates. An Insider shall not be deemed to have violated this Section if:

(1) the Insider reasonably believes that the information is not Inside Information;

(2) the Insider reasonably believes that the other party to the transaction is aware of the Inside Information; or

(3) the other party to the transaction in fact is aware of the Inside Information.

b. From the moment a matter arises which is required to be disclosed by an Issuer under this Law, until such time as disclosure is made in accordance with Regulations, any of the following persons who is aware of the matter shall be prohibited from dealing, directly or indirectly, in the securities of the Issuer and its affiliates:

(1) the Issuer;

(b) any affiliate of the Issuer; and

(c) any controlling shareholder, director, officer, employee, agent of, or person doing business with, the Reporting Issuer or any affiliate of the Issuer.

The CMA may by Regulation specify what types of entities and shareholders shall qualify as "affiliates" and "controlling shareholders" for purposes of this Section 9.08.

### **Article (92)**

#### **Reporting of Transactions by Directors and Officers**

Directors and officers of a Reporting Issuer shall promptly report to the CMA any sale, purchase or other disposition of Securities of such Reporting Issuer or any subsidiary or affiliate thereof,

whether such sale, purchase or other disposition is for the account of such a person or for an account at such person's disposal or under such person's control.

### **Article (93)**

#### **Authority of the CMA to Act**

If the CMA finds, after notice and opportunity for response, that any person has violated or has taken preparatory measures to violate this Law or any Regulation or instruction issuer pursuant thereto, the CMA may order such person to undo the violations and their resulting conditions, cease and desist from committing the violations, or cease and desist from taking preparatory measures for a specified period of time. In the case of noncompliance the CMA shall have full power to:

- (1) suspend the effectiveness of any request for authorization submitted to it and, consequently, order the cessation of issuance or dealing in the relevant Securities;
- (2) suspend any activity connected with the Securities, or for a particular Security, for any period of time it deems necessary; or
- (3) revoke the license of violator or a or suspend the license of the violator for a period of time.
- (4) In the event that the person concerned fails to comply with any order of the CMA pursuant to this section, the CMA may refer the matter to a court of competent jurisdiction who will accord such matters expedited process.

## **PART TEN**

### **CIVIL LIABILITIES**

#### **Article (94)**

a. A. person who has signed a request for authorization under this Law is liable to any person who acquired Securities from the Offeror in accordance with the prospectus associated with such request for authorization, and to whoever sold or acquired Securities on or off any Securities Trading Market, for damage caused to such person by the fact that the prospectus contained a material misstatement of fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

b. For purposes of paragraph (a), every director of the Issuer who held office on the day on which the board of directors approved the final version of the prospectus, shall be deemed to have signed the request for authorization, unless such director proves that such director submitted a reasoned written statement about the misstatement or omission to the CMA immediately after such director learned about the inclusion of the material misstatement of fact or omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

### **Article (95)**

#### **Liability of Experts**

A person who has provided an opinion, report, survey or certificate included or referenced in a prospectus included in a request for authorization with such person's permission, with respect to matters referred to in such opinion, report, survey or certificate, shall be liable for material misstatements of fact or omissions to state a material fact in such prospectus to the same extent as a person liable in accordance with Article (94).

### **Article (96)**

#### **Due Diligence Defense**

Liability under paragraphs (94)(a) and (95) shall not extend to a person:

- (1) who proves that such person took all appropriate steps to ensure that the prospectus, opinion, report, survey or certificate did not include a material misstatement or omission to state a material fact;
- (2) proven to have acquired the Securities while such acquirer knew or ought to have known that the prospectus, opinion, report, survey or certificate included the material misstatement or omitted to state the material fact; or
- (3) toward a person proven to have acquired the Securities after an amendment correcting the misstatement of omission had been notified in accordance with this Law.

### **Article (97)**

#### **Personal Responsibility**

- a. Any person who provides assistance to another person in the violation of this Law or Regulation, or rules of any Securities Trading Market or Deposit, Clearing and Settlement Center, with knowledge of the violation, shall be liable under the provisions of this Law.
- b. Any person who controls or who otherwise] effectively exercises decision-making power over any person who violates this Law or Regulations shall be liable to the same extent as such violator, unless such controlling person acted in good faith and did not directly or indirectly induce the violation,
- c. Directors, partners and senior officers of a legal person shall be also be liable for the acts of such legal person, unless they show that they have not been and could not be aware of the violation.
- d. Fees and penalties shall be assessed in accordance with regulations issued by the CMA.

### **Article (98)**

### **Joint and Several Liability**

Whenever two or more persons are liable under paragraph (94)(a) and (95), they shall be liable jointly and severally to the person injured; their liability between and among each other shall be governed by the general rules applicable under the Civil Wrongs Ordinance.

### **Article (99) Rescission of Acquisition**

In addition to any other remedies available to a purchaser of Securities under this Law or other Law, any person who has purchased Securities from an Offeror in a Public Offering in reliance on a prospectus that included a material misstatement of fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that was not delivered to the purchaser substantially in the manner required by this Law and Regulations, may cancel the acquisition and demand a full refund of the money or other consideration paid by such person, provided that the acquirer does so within a reasonable period of time after becoming aware of the misstatement or omission and in any case not later than two years after the acquisition.

## **PART ELEVEN**

### **INVESTIGATION Article (100)**

- a. The CMA, on the basis of its own belief, may investigate whether any person it suspects has violated or intends to or is about to violate the provisions of this Law or Regulations issued pursuant thereto, or the rules of the Securities Exchange.
- b. For purposes of paragraph (a), the CMA may summon, hear and administer an oath to witnesses.
- c. For the purposes of investigation the CMA, may require the provision of documents, books, registers or other records and hear all types of evidence.
- d. With a court order enter and search any location at any time and take possess of and seize any items it determines may be relevant to its investigation.

### **Article (101) Violations**

- a. No person shall (a) by making or publishing any statement, promise or forecast that such person knows to be false, misleading, or deceptive or may affect the price of listed securities or the reputation of the Issuer.
- b. No person dealing in securities may



- (1) employ any device, scheme or artifice to defraud another person; or
- (2) engage in any act, practice or course of business that operates as a fraud or deception, or is likely to operate as a fraud or deception, on that other person.
- (3) effecting a transaction in such Security that does not involve a true change in the actual or beneficial ownership of the Securities;
- (4) entering an order for the purchase or sale of such Security with the knowledge that an order of substantially the same size, at substantially the same price and time, for the purchase or sale of such Security will be entered by such person or others acting in concert with such person; or
- (5) entering into any other fictitious transaction or device intended to maintain, inflate, express or cause fluctuation in the market price of such Security.
- (6) provide false information for the purpose of obtaining authorization to trade;
- (7) increase or decrease prices through fictitious means, false or misleading information.

#### **Article (102)**

a. If the CMA finds, after notice and opportunity for response, that any person has violated or is about to violate this Law or any Regulations issued pursuant hereto or any rules or regulations of the Securities Exchange, it may:

- (1) order such person to cease and desist from committing such violation or any future violation;
- (2) order such person to comply with such provision upon such terms and within such time as the CMA may specify; and
- (3) invalidate the effectiveness of any request for authorization submitted to the CMA and order the cessation of the issuance of or trading in the related Securities.

b. The CMA may request a court of competent jurisdiction to enforce its orders in the event that the person concerned fails to comply. The court shall hear and decide such requests in an expeditious manner.

#### **Article (103)** **Penalties**

a. Any person who violates this Law, its Regulations and instructions shall be fined by a fine not exceeding Ten Thousand Jordanian dinars and shall compensate the injured party for the unjust

enrichment and pay damages.

b. In addition to the fines paid under paragraph (a) above, and subject to the provisions of the Criminal Law and other relevant laws, the violator may serve a jail sentence not exceeding one year.

c. The court of competent jurisdiction may order a jail sentence for first time offenders or order them to post a bond equal to the sum of the fines, compensation and damages; the court may waive the jail sentence if the fine is paid in full prior to the judgment for a jail sentence.

d. Anyone engaged in planning, collusion and participation in crime shall be prosecuted.

e. Board members and employees shall be responsible for any violations unless proven otherwise.

f. The sentenced offender shall pay damages and compensation to the injured party.

g. In addition to imposition of the penalties provided for in this Article, a court may also, upon a showing by the CMA of a violation of this Law, Regulations or any rule of any Securities Trading Market or Deposit, Clearing and Settlement Center,

(1) order the freezing of a person's assets to ensure that sufficient funds are available for the possible future payment of fines or damages; and/or

(2) appoint a receiver for such assets.

h. Upon the request of the CMA, a court may:

(1) rescind any vote, consent or proxy obtained in violation of this Law;

(2) terminate or rescind any purchase, sale or issuance undertaken or to be undertaken in violation of this Law;

i. prohibit the exercise of voting rights acquired through a transaction undertaken in violation of this law.

#### **Article (104)**

a. Service shall be made pursuant to applicable laws, however, service may be made on anyone at its place of residence or business outside Palestine either by having it made to its designated address in Palestine or by notice published in at least one local newspaper or by sending a notice by registered mail or courier services to the address on file.

b. Notwithstanding other laws, electronic records of the CMA and the Securities Exchange shall be evidentiary prove; this includes computer records, telephone records, telex and facsimile.

#### **Article (105)**

##### **Investigations by the Securities Exchange**

a. The Securities Exchange shall have the power to investigate, where necessary, and in the event any person has violated or is expected to violate the provisions of this Law.

b. Every person who violates the regulations and instructions of the Securities Exchange shall be fined no more than 10,000 Jordanian dinars.

- c. In addition to the fines stated in paragraph (a) above, the offender shall be subject to the other fines stated in this Chapter.
- d. The offender along with evidentiary proof shall be referred by the Securities Exchange with its recommendations to the CMA for the enforcement of censure or taking civil/criminal action.
- e. The fines referenced in paragraph (b) above shall constitute revenue to the Securities Exchange.

## **PART THIRTEEN**

### **INTERIM PHASE; FINAL PROVISIONS**

#### **Article (106)**

- a. This Law shall come into effect thirty days after its publication in the Official Gazette.
- b. After the entry into force of this Law, the Securities Exchange shall be deemed the sole securities exchange in Palestine authorized to operate an exchange and the Center for Depository and Settlement pursuant to the provision of this Law.
- c. Any person who holds or control over 10% of securities in any one company has a duty to inform the Securities Exchange during a 60 day period from the entry into force of this Law.
- d. All existing public shareholding company whose shareholders exceed 100 and whose stated capital is over one half million Jordanian dinars or its equivalent shall list with the Securities Exchange and shall comply with the requirements of this Law within 6 months from its entry into force.

#### **Article (107)**

All concerned shall implement this Law.

Issued in the City of Gaza on

Yasser Arafat  
President, the Executive Committee of the PLO  
President, the Palestinian National Authority